



*Promoting Participatory and Sustainable Development*

14 February 2019

**Chinese Embassy in Kenya**

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C/O: Overseas Chinese Affairs, Information and Public Affairs Section Office, Economic and Commercial Counselor Office

Dear Ms. Ambassador Su Baohong and Counsellor Guo Ce:

Save Lamu is a Kenya-based organization representing over 30 community groups across Lamu County. We wish to inform you that we have notified Amu Power Company of our concerns regarding their proposed 981.5 MW Lamu Coal Thermal Power Plant in Kenya.

This project is being financed by a \$900 USD million export credit loan from Industrial and Commercial Bank of China (ICBC). ICBC signed a financial service agreement with Power Construction Corporation of China and Electric Power Design Consulting Co., Ltd<sup>1</sup>; these companies have been contracted by Amu Power to build the coal plant.

The plant will be located in Manda Bay, Lamu County. As Lamu County residents, we have concerns regarding the environmental, health, and social impacts of a coal plant being sited in our communities. The plant remains in planning and delayed by litigation regarding violations in the project licensing process.

Since 2016, we have attempted to inform ICBC of our concerns regarding these impacts on four different occasions, but we have not heard back from the bank. Our first letter to ICBC was sent in December 2016, the second in December 2017, and the last in June 2018. However, we have yet to receive a reply from the bank regarding how they plan to address environmental and social risks. In the hope we might at last hear from the bank, we called the bank's headquarters in September 2018 three times, all to no avail. For your reference, we attach our previous correspondence with ICBC.

In light of ICBC's continued failure to respond to our requests for information, **we would like to inform you of our concerns and ask for any advice you may be able to share in helping ICBC actually consult with us, the local communities directly impacted by the Lamu coal plant.**

In particular, we understand that ICBC, as the financier for the project, is obligated to comply with the Green Credit Guidelines. As you are aware, the guidelines obligate Chinese banks to ensure that "appropriate international practices or international norms will be followed" (Article 21), such as the application of Free, Prior, Informed Consent principles and protection of UNESCO World Heritage sites<sup>2</sup>. Lamu Old Town, located in Lamu County, was inscribed on the World Heritage List in 2001<sup>3</sup>. If

<sup>1</sup> "ICBC Arranges Financing for the Largest Power Plant Project in Eastern Africa", ICBC News, July 3, 2015.

<http://www.icbc.com.cn/icbc/newsupdates/icbc%20news/ICBC%20Arranges%20Financing%20for%20the%20Largest%20Power%20Plant%20Project%20in%20Eastern%20Africa.htm>

<sup>2</sup> According to the UNESCO 2015 report on Lamu Old Town, "There can be no doubt that a project [Lamu Port – South Sudan – Ethiopia Transport (LAPSSET), which includes the construction of the coal plant in Manda Bay] of this scale and scope, in an area as remote and protected as Lamu, cannot help but have profound negative impacts on the heritage". <http://whc.unesco.org/document/135436>

<sup>3</sup> "Lamu Old Town", UNESCO. <http://whc.unesco.org/en/list/1055>



ESCO World Heritage sites<sup>2</sup>. Lamu Old Town, located in Lamu County, was inscribed on the World Heritage List in 2001<sup>3</sup>. If the project receives support from the African Development Bank and International Finance Corporation, then the project would additionally be subject to the AfDB Operation Safeguards and IFC Performance Standards. However, these standards are currently not being met in the project plans, as detailed in our repeated letters to Amu Power and ICBC.

In addition, the Guidelines for Environmental Protection in Foreign Investment and Cooperation, published by the Ministry of Commerce and Ministry of Environmental Protection, strongly encourage Chinese companies to "develop low-carbon" technologies (Article 4) and "to take full into account of the impacts of their development and construction as well as production and operation activities on the social environment such as historical and cultural heritages" (Article 9). Currently, we do not believe this project achieves a "'win-win' situation of corporate self-interests and environmental protection" (Article 4) between China and Kenya.

As you may be aware, the project has currently stalled in various legal lawsuits due to the failure to comply with local laws and regulations, which is exacerbated by the controversial nature of coal investment in Kenya.

We recognize and acknowledge that energy access is important for the future development and growth of Kenya. However, as Kenyan residents, we disagree on the means of achieving energy needs via ultra-super critical or supercritical coal technologies. The environmental and health costs of coal consumption are well known, and so we wish to avoid developing an unhealthy reliance on coal power, especially when renewable alternatives are feasible instead.

We hope you can commit towards encouraging ICBC to fully investigate the potential of alternatives, such as renewables. As you may be aware, the international community is turning away from coal financing due to its high pollution and high carbon impacts. Even international financiers like the World Bank, US Export Import Bank, European Investment Bank, and the European Bank for Reconstruction and Development are quickly moving away from coal financing coal projects abroad, in addition to OECD export credit agencies<sup>4</sup>.

With the world shifting away from coal, we take the development of coal power in Kenya very seriously, and so we hope you understand our desire and preference for investigating alternatives.

**As such, we ask that you encourage ICBC to consider suspending financing to this project because of the serious design and community consultation flaws in the project. In particular, we would like to encourage ICBC to conduct a full, credible analysis of renewable energy alternatives before proceeding with the coal plant. Please let us know if you are able to meet in person and discuss any guidance you may have in this matter. We would be grateful to hear any advice you may have.**

We hope that policies like the Green Credit Guidelines can serve to inspire positive impacts of Chinese investment in Kenya. We hope you will help in implementing these worthwhile policies.

Given the lack of response with ICBC, we ask that you please confirm receipt of this letter by contacting, Walid Ahmed Ali, at savelamu@gmail.com. We hope our dialogue can help support friendly and transparent relations between Kenya and China.

Sincerely,



Abubakar Mohamed

Chairman, Save Lamu

<sup>2</sup> According to the UNESCO 2015 report on Lamu Old Town, "There can be no doubt that a project [Lamu Port – South Sudan – Ethiopia Transport (LAPSSET), which includes the construction of the coal plant in Manda Bay] of this scale and scope, in an area as remote and protected as Lamu, cannot help but have profound negative impacts on the heritage". <http://whc.unesco.org/document/135436>

<sup>3</sup> "Lamu Old Town", UNESCO. <http://whc.unesco.org/en/list/1055>

<sup>4</sup> <http://www.oecd.org/newsroom/statement-from-participants-to-the-arrangement-on-officially-supported-export-credits.htm>